



Belmont, MA

*Town of Homes*

# FY2024 Budget Summit V

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February 9, 2023





## Presentation Overview

- FY2024 Budget Presentations - Municipal and School
- Updated Multi-Year Revenue and Spending Projections
- Use of Free Cash
- Next Meeting - March 16<sup>th</sup>



## Response to Inaccuracies in Community

- Asked to cut \$6.1M - original gap; Feb. 3<sup>rd</sup> budget reflects \$7.2M increase
- Eliminate educator positions - School working through details
- \$15M in Free Cash - yes, that is correct, and \$11.4M is being used
- \$2M from Fair Share amendment - amounts per community will not be known for quite some time, we have to budget on known facts
- Federal funding - \$1.5M in ESSER funds spent in FY2022 and FY2023; \$8M in ARPA dedicated, with more than \$2.8M used for the schools
- "General Fund expenditures toward education in Belmont have decreased by nearly 2%" - Education General Fund budget has increased each year



## FY2024 Revenue Allocation - *Use Additional Free Cash*

FY2024 Revenue Allocation Model				
	\$ 139,988,743			Projected Available Revenue
	\$ 6,880,478			Assumed Use of Free Cash
		<b>Shared</b>	<b>Municipal</b>	<b>School</b>
(1)	\$ 55,895,825			\$55,895,825 FY2023 Belmont Public Schools Appropriated Budget
(2)	\$ 32,523,029		\$32,523,029	FY2023 Municipal Appropriated Budget
(3)	\$ 1,500,000			\$ 1,500,000 FY2023 School Budget Covered by Reserves
(4)	\$ 54,294,949			FY2024 Shared Services Budgets
(5)	\$ 144,213,803	\$54,294,949	\$32,523,029	\$57,395,825 Base Budget - Used for Allocation
(6)			36.17%	63.83% Percentage - Municipal and School only
(7)	\$ 2,655,419	\$ —	\$ 960,447	\$ 1,694,972 Incremental Revenue
			2.95%	2.95% <i>Percent of Current Budget</i>
(8)		\$ —	\$ —	\$ 4,000,000 Apply additional Free Cash
(9)		\$ —	\$ 960,447	\$ 5,694,972 Revised Incremental Revenue



## Municipal Budget Highlights

- Municipal Budget within its FY2024 Revenue Allocation
- Municipal Budget has not seen any significant growth in over 5 years, even though workload has expanded
- Current job market is severely impacting vacancy rate, along with candidates who do not live within the 128 belt
- Staff are doing the work of multiple positions
- Municipal budget is not restoring the 5 positions eliminated/cut in FY2022
  - Resident Engineer, Police Officer, Firefighter, 2 DPW Laborers



## Town Budget Highlights Continued.....

- Shared Services
  - Health Insurance reflects a 3% Increase
  - Pension incorporates updated valuation as of January 1, 2022
  - General Liability Insurance adds BMHS
  - Facilities Additional Custodians
  - Facilities Expense Contract Increase
- Legal Costs Increase
- Trash Contract Increase
- Settled Collective Bargaining Contracts COLA Adjustments 2%
- No increase in Municipal FTEs



## Committee Requests/PIRs

- **A number of committees requested staff**
  - Energy Committee - Sustainability Director and a Grant Writer
  - Economic Development Committee - Economic Development Coordinator
  - Diversity Equity and Inclusion Implementation Committee - DEI Coordinator
- **Program Improvement Requests \$421k**
  - Facilities Department - Construction Manager
  - Fire Department - CPR Classes, EMS Bike Patrols
  - Police Department - 2 Police Officers, IT Specialist
  - Library - Van Rental, Assistant Library Director
  - Council on Aging - Expand Taxi Program



## Municipal Department Budget Summary

	FY2023 Budget	FY2024 Budget	Variance
Salaries	\$21,932,059	\$22,454,479	\$522,420
Expenses	\$10,590,970	\$11,261,500	\$670,530
Total	\$32,523,029	\$33,715,979	\$1,192,950
Revenue Allocation			\$960,447
<b>Shortfall</b>			<b>\$(232,503)</b>

- In order to address the budget shortfall, the Town made the following adjustments:
  - \$164,000 - Police Staff Exchange savings
  - \$ 30,000 - Police fuel savings from hybrid cruisers
  - \$ 94,400 - Library Assistant Director position
  - \$288,400 - Total Savings - \$55,900 held in Salary Reserve



## School Budget Requests

	FY2023 Budget	FY2024 Request	Variance
Base Staff	\$ 45,351,779	\$ 48,053,407	\$ 2,701,628
New MS Staff	N/A	\$ 1,991,408	\$ 1,991,408
Expenses	\$ 2,877,400	\$ 2,878,813	\$ 1,413
Special Education Expenses	\$ 7,666,646	\$ 10,788,844	\$ 3,122,198
Proposed Restoration of Circuit Breaker		\$ 1,500,000	\$ 1,500,000
<b>Total</b>	<b>\$ 55,895,825</b>	<b>\$ 65,212,472</b>	<b>\$ 9,316,647</b>
		Revenue Allocation	\$ 1,694,972
		Restore Use of One-Time Funds in FY2023	\$ 1,500,000
		Use of Additional Free Cash for FY2024	\$ 4,000,000
		<b>Shortfall</b>	<b>\$ (2,121,675)</b>

The February 3<sup>rd</sup> preliminary School budget recommendation presumes use of an additional \$4M in Free Cash above the Revenue Allocation. This reflects an increase of 12.9% from the FY2023 budget.



## Multi-Year Forecast - Revenue and Expense Summary

	Revenue Budget	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Estimated	FY2024 Projected	Projected FY2025	Projected FY2026
1	Tax Levy (Base + New Growth + 2.5%)	\$ 92,562,993	\$ 95,854,621	\$ 99,431,844	\$ 102,786,493	\$ 106,302,480	\$ 109,900,713	\$ 113,588,901
2	State Aid	\$ 11,994,553	\$ 12,253,713	\$ 12,454,009	\$ 12,852,939	\$ 13,034,970	\$ 13,218,047	\$ 13,402,192
3	Other Revenue Sources	\$ 8,682,703	\$ 8,561,557	\$ 8,341,215	\$ 7,415,851	\$ 6,944,184	\$ 7,173,452	\$ 7,209,600
4	Use of Free Cash/Stabilization	\$ 5,315,510	\$ 3,842,665	\$ 7,163,925	\$ 5,959,753	\$ 11,433,173	\$ 552,695	\$ 552,695
	<b>Total Available Revenue</b>	<b>\$ 118,555,759</b>	<b>\$ 120,512,556</b>	<b>\$ 127,390,993</b>	<b>\$ 129,015,036</b>	<b>\$ 137,714,807</b>	<b>\$ 130,844,907</b>	<b>\$ 134,753,388</b>
	Expense Budgets	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Appropriated	FY2024 Projected	Projected FY2025	Projected FY2026
5	Total School Budget	\$ 49,487,180	\$ 51,589,917	\$ 55,259,786	\$ 55,895,825	\$ 62,991,297	\$ 66,069,653	\$ 68,505,012
6	Total Municipal Budget	\$ 27,756,418	\$ 27,347,809	\$ 29,803,118	\$ 32,525,029	\$ 33,480,428	\$ 34,542,776	\$ 35,406,846
7	Total Facilities Budget	\$ 4,979,336	\$ 5,240,068	\$ 5,739,210	\$ 6,948,107	\$ 7,519,388	\$ 7,477,207	\$ 7,650,215
8	Total Benefits	\$ 22,357,387	\$ 22,457,207	\$ 23,713,401	\$ 26,337,631	\$ 26,556,282	\$ 27,323,143	\$ 28,272,436
9	Total Other Shared Expenses	\$ 1,485,770	\$ 1,902,672	\$ 1,560,307	\$ 2,151,500	\$ 1,919,332	\$ 1,838,775	\$ 1,940,841
10	Total Capital-Related Expenses	\$ 5,202,505	\$ 2,791,035	\$ 5,000,682	\$ 5,156,944	\$ 5,248,080	\$ 5,342,094	\$ 5,444,815
	<b>Total Expenses</b>	<b>\$ 111,268,596</b>	<b>\$ 111,328,708</b>	<b>\$ 121,076,504</b>	<b>\$ 129,015,035</b>	<b>\$ 137,714,807</b>	<b>\$ 142,593,647</b>	<b>\$ 147,220,164</b>
	<b>Net Budget Surplus/(Deficit)</b>	<b>\$ 7,287,163</b>	<b>\$ 9,183,848</b>	<b>\$ 6,314,489</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (11,748,740)</b>	<b>\$ (12,466,777)</b>



## Available Free Cash - FY2024

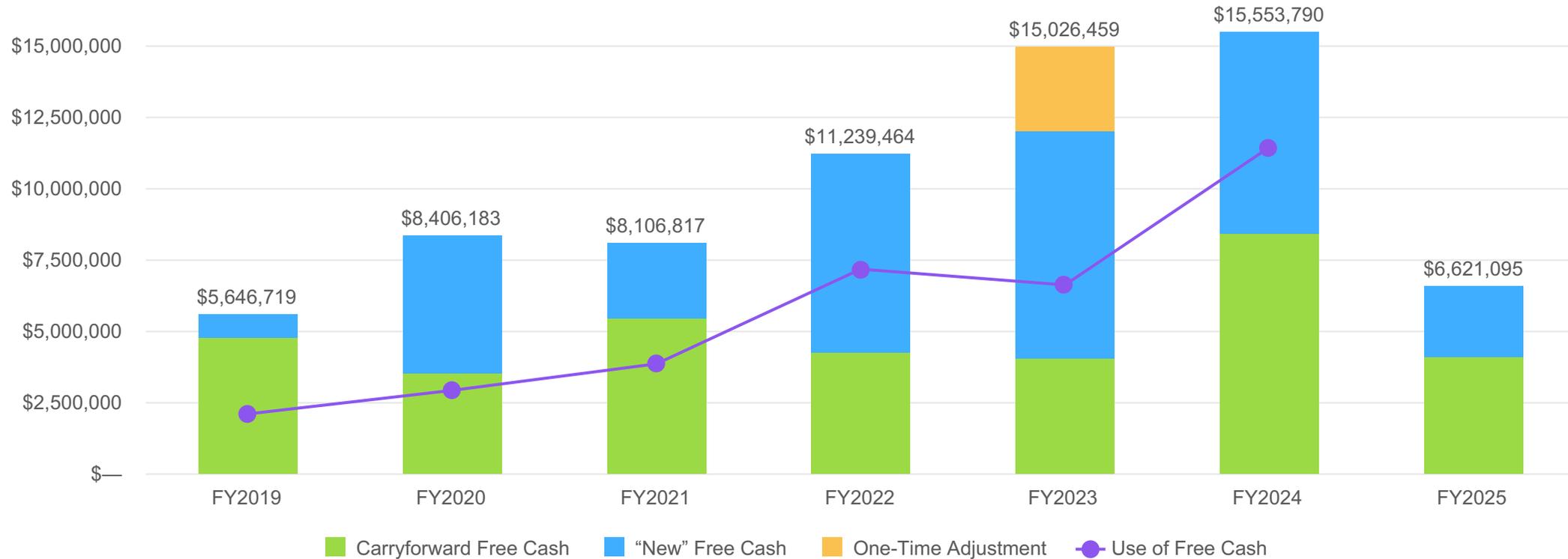
Fiscal Year	FY2021	FY2022	FY2023	FY2024	
Free Cash Available	\$ 8,106,817	\$ 11,239,464	\$ 15,026,459	\$ 15,553,790	Main drivers have been carryforward of Remaining Balances, and staff vacancies
Operating Budget	\$ 3,792,665	\$ 7,113,925	\$ 5,380,478	\$ 10,880,478	Reflects additional \$4M in Free Cash
OPEB	\$ 50,000	\$ 50,000	\$ 579,275	\$ 552,695	Updated calculation from Treasurer
Fuel Tanks			\$ 649,699		
Total Uses	\$ 3,842,665	\$ 7,163,925	\$ 6,609,452	\$ 11,433,173	
Remaining Balance	\$ 4,264,152	\$ 4,075,539	\$ 8,417,007	\$ 4,120,617	Policy is 3-5% of General Revenues; "Carries Forward" to certified Free Cash

### Use of Free Cash - FY2024

Total	Shared	Municipal	Schools	
\$ 6,880,478	\$ 2,525,135	\$ 1,575,629	\$ 2,779,713	<i>Original assumptions for use of Free Cash</i>
\$ 4,000,000			\$ 4,000,000	<i>Further recommendation to bridge gap</i>
\$ 10,880,478	\$ 2,525,135	\$ 1,575,629	\$ 6,779,713	<i>Total proposed in Feb. 3<sup>rd</sup> budget recommendations</i>



## Free Cash Experience in Recent Fiscal Years, and Potential for FY2025 (Preliminary)





## Next Budget Summit – March 16<sup>th</sup>

- March 1<sup>st</sup> - Governor Healey's first budget recommendation, initial State Aid figures for FY2024; first allocation after Fair Share Amendment
  - Item for Discussion - If higher State Aid, should it go to reduce use of Free Cash, or adjust budget requests?
- March 6<sup>th</sup> - Joint meeting of Select Board and Warrant Committee to discuss level of Free Cash for FY2024